



March 12, 2019

To all CAO employees,

First, let me apologize for not reaching out sooner and communicating with you directly. As you can imagine, it's been a wild few weeks and I'm only now catching my breath. But here are the most important points that I want you all to know: There has been no impropriety of any kind, either in the financial or the program administration of the CAO. The CAO was and is in excellent shape. We finished the last fiscal year with a cash balance of \$2.4 million. What is most important is that you know that what you do at CAO is valued, your jobs are safe, and the work you do is appreciated and crucial to our mission.

What we are detailing below, for your information and to edify your confidence in the CAO, should it have wavered, is not my or our opinion. What is detailed below is a factual account of events that are not only documented, but have been shared – *each step of the way over the last six months* – with the New York State Department of State (“DOS”), as well as other relevant state and federal agencies.

The stories you may have read in The Buffalo News, or heard about via social media, have not gained traction with other print or electronic media. I believe that is because The Buffalo News has been making a series of false and distorted claims, as if they were truths, derived from statements by people trying to drag the CAO into a public shouting match with former board members and others. What you should begin to see and hear are reports on TV, print, and online that explain the facts behind these incorrect stories.

The people incited by The Buffalo News to create a media circus held a series of illegal and secret board meetings in October (and before) that excluded several board members who were illegally removed by renegade board members. These meetings included votes that, in order to pass, were cast by persons who were never actually elected to the board.

In addition to the illegal attempts to remove and then exclude those board members, this small group attempted to terminate my employment without reason or cause. To be clear, there is nothing in the record supporting a performance problem on my part. Since the meetings referred to above were illegal, and did not in fact express the will of a majority of the elected and legally sitting board members, that attempted termination simply never occurred. No legal vote was taken on the issue. Your employment and mine are subject to a specific chain of command and a process for how we may be removed from our jobs. At the CAO, we follow that legal process, and no one can terminate anyone's employment without proper legal authority to do so. We want you all to be and feel secure about that for yourselves as well.

After the illegal termination of board members, the other serious defects in board process, and at least three illegal secret meetings in October 2018, the legitimately constituted board had many opportunities to act on my employment or express displeasure with my performance, but never did so. Of particular note is that this small faction of the board never reported these illegal and secret meetings to the DOS monitors. It is shocking that The Buffalo News, which publicly invited protesters to disrupt our board meeting on March 4, 2019, has not even called out the faction of former board members for

attempting to conduct significant agency business at illegal secret meetings that not even our DOS monitors were notified about, as required. And to be clear, after those illegal secret October meetings were discovered, the DOS has been fully informed of, and invited to, all board and committee meetings and have attended many, which is their right to do.

The dysfunction was with board governance, not with agency management. And that severe dysfunction was ended and reported to the DOS as soon as it became fully apparent. Our legal counsel did a thorough investigation of each board seat and an extensive review of board processes by looking at all board actions during 2018 and provided us with an extensive written report. That report was summarized in a Dec. 14, 2018 letter provided to the DOS.

Former Board Chair Jenine Dunn was confronted with the findings in that report and, in response and in writing, she stated that what she had done was ordered by the DOS. The DOS responded to Jenine Dunn's false allegation a week later, in writing, acknowledging that the Dec. 14 letter contained needed corrective actions by the board, and specifically stating that it never ordered Jenine Dunn to take any of the illegal actions she took.

At its Jan. 7, 2019 regular meeting, the board, after a full briefing by legal counsel, voted to accept and adopt the report on counsel's board seat investigation. The six affected individuals were notified the next day. To be clear, some board members, who were against the proposed personnel action against me, were advised they had never been properly elected to the board. And some board members who were in favor of the proposed board action against me were advised that their status was unchanged. No favorites here, just the facts and the law.

It should be no surprise that the Buffalo News doesn't want to report these facts. Nonetheless, the board sent the News a detailed letter explaining why its' stories were inaccurate on at least one key point, a supposed "forensic audit," which in fact never started because no auditor was ever hired. The News embraced a phony narrative that big city mayors control everything. Mayor Brown does not control the CAO, me, or our board. In fact, the city funds two programs at approximately \$55,000 a year to the CAO, which operates a \$51 million budget.

What is factual about an audit is that the board selected an independent outside auditor (Szymkowiak & Associates) in 2016 via a proper RFP process. This is the only auditor the board hired. There is no board agenda item, no board minutes, and there was simply never any board action to select or hire any other auditor. The News has never named that supposed auditor and no record of its hiring exists in board minutes. Since no second outside audit was started, there was no "forensic" audit to be stopped. The News' reporting and editorials are aimed at the fiction that the removed board members were acted against to halt this supposed "forensic audit." No one at CAO has ever been asked to supply records and financial information to anyone other than Szymkowiak officials, who agreed CAO fully complied with the most recent audit.

Szymkowiak audited the CAO for 2015, 2016, 2017 and 2018 fiscal years and is in the process of doing the 2019 fiscal year audit. Szymkowiak Partner Todd M. Scherrer, CPA, presented the 2018 audit to the board at its Jan. 29, 2019 special meeting. He presented a clean bill of financial health and answered board members' questions. The board voted to accept the audit, which was publicly announced March 11 and is now posted on the CAO website, along with a required IRS Form 990.

Please forgive me for going into such detail, but much has happened in recent months and it's crucial that you have all the facts presented to you. Again, what's written here is not my opinion, or even my interpretation of the facts. These are the facts, and they are backed in

writing, filed with the state and other appropriate agencies, and crucial to your understanding of what transpired.

Now, at least briefly, I'd like to look forward. We are full steam ahead, business as usual. I doubt any of this directly affected the work you do for the many individuals and families you serve daily. We are working hard to restore everyone's confidence in this organization so that we may reach out to the community for further support for our mission.

If you have any concerns or questions, please do not hesitate to get in touch with me. Thank you for all you do, for your hard work, and for your commitment to the CAO and all whom we serve honorably and effectively each day.

Sincerely,

L. Nathan Hare
Executive Director

Hon. Craig D. Hannah
Chair, Board of Directors